

SETTLEMENT AGREEMENT AND MUTUAL RELEASES

This SETTLEMENT AGREEMENT AND RELEASE ("Agreement") is made and entered into as of March 24, 2009 by and among the County of Los Angeles (the "County"), USC University Hospital, Inc. ("University Hospital"), successor in interest to NME Hospitals, Inc. dba USC University Hospital, Tenet HealthSystem Norris, Inc. ("Norris") and Tenet Healthcare Corporation (University Hospital, Norris and Tenet Healthcare Corporation are hereinafter collectively referred to as "Hospitals") with reference to the following facts:

A. WHEREAS, on November 18, 1993, the County and NME Hospitals, Inc., dba USC University Hospital entered into Affiliation Agreement Number H 202905 for Physicians in Postgraduate Training (hereinafter, the "University Hospital Residency Agreement");

B. WHEREAS, on December 16, 2003, the County and Norris entered into Affiliation Agreement Number H-700164 for Physicians in Postgraduate Training (hereinafter, the "Norris Residency Agreement");

C. WHEREAS, a dispute has arisen over the amounts owed by the Hospitals to the County under the University Hospital Residency Agreement and the Norris Residency Agreement;

D. WHEREAS on December 9, 1986, the County, the University of Southern California ("USC") and NME Hospitals, Inc. dba USC University Hospital, entered into LAC/USC/NME Tripartite Agreement Number 55853 (hereinafter, the "Tripartite Agreement");

E. WHEREAS, the parties wish to finalize and release their respective rights, duties and obligations under the Tripartite Agreement;

F. WHEREAS, on February 9, 2009, the Hospitals entered into a definitive agreement (the "Transaction") to sell substantially all of the assets used in the operation of the Hospitals, and agreed to request the Los Angeles County Board of Supervisors' approval for the assignment of the University Hospital Residency Agreement and the Norris Residency Agreement, to USC. The closing of the Transaction is currently contemplated to be March 31, 2009. The "Effective Date" shall be the actual closing date of the Transaction.

G. WHEREAS, on or about March 18, 2009, the County filed a lawsuit against the Hospitals and others entitled *The County of Los Angeles vs. NME Hospitals, Inc dba USC University Hospital, et al.*, Los Angeles Superior Court Case No. BC 409993 (the "Action"); and

H. WHEREAS, it is the mutual desire of the parties to this Agreement to resolve their dispute on the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, agreements and covenants herein contained, and other valuable consideration, receipt of which is hereby acknowledged, each party hereto covenants, agrees and promises with the other, as follows:

1. **Incorporation by Reference.**

The recitals set forth in paragraphs A through H above are hereby incorporated by reference herein, and by this reference expressly made a part of this Agreement.

2. **County Board of Supervisors' Approval.**

The parties acknowledge and agree that the Los Angeles County Board of Supervisors' approval is a condition precedent to the effectiveness of this Agreement. The parties further acknowledge and agree that it is a condition precedent to the effectiveness of this Agreement that such approval must be obtained prior to March 27, 2009. "Approval" shall mean, for purposes of this Agreement, a simple majority vote by a quorum of Los Angeles County Supervisors or delegated authority to the Department of Health Services to approve this Agreement. Unless such Approval is obtained prior to March 27, 2009, this Agreement shall be of no force and effect. Time is of the essence.

3 **Payment of Settlement Funds.**

a. **Payment for Services Up To November 30, 2008.**

On or before April 15, 2009, the Hospitals jointly shall deliver a check to the County in the sum of \$3,000,000.00 as payment in full for all invoices reflecting services rendered through November 30, 2008.

b. **Payment for Services from December 1, 2008 Through the Effective Date**

The Hospitals shall pay the County 90% of each invoice for services rendered during the period from December 1, 2008 through the Effective Date. Payment shall be made no later than the 45th day following receipt of the invoice.

4. **Dismissal of the Action**

Upon the Hospitals' complete performance of their obligations under Paragraph 3(a) and (b), above, the County shall file a Request for Dismissal with Prejudice of the Action.

5. **Consent to Assignment of Residency Agreements.**

The County hereby consents to assignment of the University Hospital Residency Agreement and the Norris Residency Agreement to USC, and agrees to promptly execute

and deliver to USC a reasonable and customary document or instrument to evidence such assignment.

6. **Termination of the Hospitals' Obligations Under the Tripartite Agreement**

a. **The County's Release of the Hospitals**

From and after the Effective Date, the County shall release and forever discharge the Hospitals, their corporate subsidiaries and affiliates, and each of their respective principals, servants, officers, directors, shareholders, employees, affiliates, subsidiaries, representatives, attorneys, agents and assigns (the "Tenet Released Parties") to the fullest extent permitted by law from any and all past, present and future obligations (including without limitation any further obligation to fund the Indigent Care Account and Emerging Technologies Education Fund) under the Tripartite Agreement. The County further agrees to forebear initiating any lawsuit or other action against USC for any of the Hospitals' obligations, including without limitation any obligation to fund the Indigent Care Account and/or the Emerging Technologies Education Fund. There is no intent to release USC, and USC is not released, from any of its obligations under the Tripartite Agreement.

b. **The Hospitals' Release of the County**

From and after the Effective Date, the Hospitals, and each of their principals, servants, officers, directors, shareholders, employees, affiliates, subsidiaries, representatives, attorneys, agents and assigns, hereby release and forever discharge the County, its Board of Supervisors, and its employees, representatives, attorneys, agents and assigns (collectively, the "County Released Parties"), to the fullest extent permitted by law from any and all past, present and future obligations the County has to the Hospitals (including without limitation any further obligation to fund the Indigent Care Account and Emerging Technologies Education Fund) under the Tripartite Agreement.

7. **Mutual Releases.**

a. **The County's Release of the Hospitals and USC.**

i. **The County's Release of the Hospitals**

Except for the obligations set forth in this Agreement, the County, for itself and its Board of Supervisors, employees, representatives, attorneys, agents and assigns, hereby releases and forever discharges the Tenet Released Parties from any and all rights, claims, demands, obligations, debts, actions and causes of action of any nature whatsoever arising prior to the Effective Date from any payment obligation in connection with the University Hospital Residency Agreement and the Norris Residency Agreement.

ii. **The County's Release of USC**

Except for the obligations set forth in this Agreement, the County, for itself and its Board of Supervisors, employees, representatives, attorneys, agents and assigns, hereby releases and forever discharges USC, its "Faculty Physicians" (defined below), and each of their respective officers, directors, partners, trustees, affiliates, employees, agents, attorneys, representatives, insurers, administrators and assigns (collectively, the "USC Released Parties"), and each of their respective heirs, executors, predecessors, successors and assigns from any and all rights, claims, demands, obligations, debts, actions and causes of action of any nature whatsoever arising prior to the Effective Date from any payment obligation in connection with the University Hospital Residency Agreement and the Norris Residency Agreement. This release does not extend to release USC from any of its obligations under the Tripartite Agreement.

For purposes of this Agreement, the term "Faculty Physicians" shall include any physician who (i) is or was a member of the faculty of the USC Keck School of Medicine; (ii) any physician who is providing or has provided medical services to the hospitals owned by University Hospital or Norris as an independent contractor in any way related to USC or to a physician group referred to in clause (iii), or (iii) any physician group, however organized, that employs (or retains) or has employed (or retained) any such physician described in (i) and (ii) of the preceding."

b. **The Hospital's Release of the County.**

Except for the obligations set forth in this Agreement, the Hospitals, for themselves, and each of their principals, servants, officers, directors, shareholders, employees, affiliates, subsidiaries, representatives, attorneys, agents and assigns, hereby release and forever discharges the County Released Parties from any and all rights, claims, demands, obligations, debts, actions and causes of action of any nature whatsoever arising prior to the Effective Date from any payment obligation in connection with the University Hospital Residency Agreement and the Norris Residency Agreement.

8. **Unknown or Mistake in Facts.**

The parties acknowledge and understand that the facts with respect to this Agreement may later turn out to be other than or different from the facts now known to them or believed by them to be true. The parties expressly assume the risk that the facts may be different and agree that this Agreement shall be in all respects effective and not subject to termination or rescission because of any such difference in facts.

9. **Warranties and Representations.**

(a) Each party warrants and represents that it has carefully read this Agreement, and the contents thereof are known to it, and that this Agreement is executed

voluntarily and without duress or undue influence on the part of or on behalf of any party hereto.

(b) Each party warrants and represents that he/she/it has not assigned, transferred or granted, or purported to assign, transfer or grant, any of the debts, claims, demands, actions, causes of action, suits, accounts, covenants, contracts, agreements, or damages released pursuant to this Agreement.

(c) Each party warrants and represents that the persons and entities executing this Agreement on its behalf have the legal authority to do so.

10. **Severability.**

In the event any provision of this Agreement as applied to any of the parties, or to any specific circumstance, shall be adjudged by a court of competent jurisdiction to be void and unenforceable, then, in such event, the same shall in no way affect any other provision in this Agreement, or the application of any such provision in any other circumstance, and/or the validity or enforceability of this Agreement as a whole.

11. **Construction of Agreement.**

This Agreement shall not be construed against the party preparing the same and shall be construed without regard to the identity of the person who drafted such and shall be construed as if all parties had jointly prepared this Agreement, such that the provisions of Civil Code § 1654 shall not apply and are waived.

12. **Further Documents.**

The parties hereto agree that they shall immediately execute and deliver any and all documents and perform any and all acts required on their part or those which may be reasonably necessary to effectuate and complete and facilitate the provisions set forth in this Agreement.

13. **Representation by Independent Counsel.**

The parties acknowledge that they have been, or have had the opportunity to have been, represented by counsel of their own choice in the negotiations leading up to and in the execution of this Agreement and that they have read this Agreement and each and every provision hereof, have had, or have had the opportunity to have had, it fully explained to them by their counsel, and fully understand and have agreed to this Agreement and each and every term, condition and covenant contained or incorporated by reference herein.

14. **Attorneys' Fees.**

The parties hereto agree to bear their own costs and attorneys' fees incurred in connection with the Action and the Insurance Action and negotiation and drafting of this Agreement. However, in any action brought to enforce any provision of this Agreement, the prevailing party or parties shall be entitled to an award of their reasonable attorneys' fees and costs.

15. **Jurisdiction and Construction.**

This Agreement shall be construed, enforced and interpreted in accordance with the laws of the State of California.

16. **Entire Agreement.**

With the exception of the obligations set forth in this Agreement, this Agreement contains the entire agreement and understanding concerning the subject matter among the parties and supersedes and replaces all prior negotiations and proposed agreements, whether oral or written. Each of the parties hereto acknowledges that no other party, nor any agent or attorney of any other party, has made any promise, representation or warranty whatsoever, express or implied, not contained herein, concerning the subject matter hereof, to induce them to execute this Agreement, and acknowledges that this Agreement has not been executed in reliance upon any such promise, representation or warranty not contained herein. This Agreement may only be modified, supplanted or amended by mutual written agreement of the parties in a writing signed by all parties to this Agreement.

17. **Execution of Counterparts.** This Agreement may be executed in one or more counterparts, all of which counterparts shall be deemed to be one instrument and shall constitute one agreement with the same force and effect as if all signatures have been entered in one document. The parties further agree that a faxed signature shall have the same force and effect as an original.

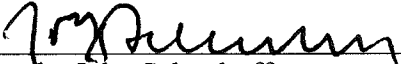
18. **No Admission of Liability.** This Agreement constitutes a compromise of a dispute and does not constitute, and shall not be construed as, an admission of liability on the part of either party with respect to such dispute.

19. **Intended Third Party Beneficiaries.** Except with respect to USC's obligations under the Tripartite Agreement, it is acknowledged and agreed by the parties hereto that each of the Tenet Released Parties, USC Released Parties and County Released Parties not a party to this Agreement are intended third party beneficiaries of this Agreement. Subject to the foregoing sentence, none of the provisions contained in this Agreement are intended by the parties hereto to confer, nor shall such provisions be deemed

to confer, any benefit on any other person not a party to this Agreement.

DATED: March 25, 2009

County of Los Angeles

By: 
Name: John Schunhoff
Title: Interim Director Department of
Health Services

DATED: March __, 2009

USC University Hospital, Inc.

By: _____
Name: _____
Title: _____

DATED: March __, 2009

Tenet HealthSystem Norris, Inc.

By: _____
Name: _____
Title: _____

DATED: March __, 2009

Tenet Healthcare Corporation

By: _____
Name: _____
Title: _____

[SIGNATURES CONTINUED ON NEXT PAGE]

to confer, any benefit on any other person not a party to this Agreement.

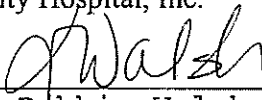
DATED: March __, 2009

County of Los Angeles

By: _____
Name: John Schunhoff
Title: Interim Director Department of
Health Services

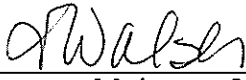
DATED: March 30, 2009

USC University Hospital, Inc.

By: 
Name: Debbie Walsh
Title: Chief Executive Officer

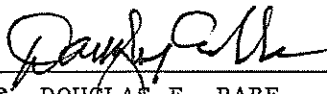
DATED: March 30, 2009

Tenet HealthSystem Norris, Inc.

By: 
Name: Debbie Walsh
Title: Chief Executive Officer

DATED: March 25, 2009

Tenet Healthcare Corporation

By: 
Name: DOUGLAS E. RABE
Title: VP OF TAXATION

[SIGNATURES CONTINUED ON NEXT PAGE]

to confer, any benefit on any other person not a party to this Agreement.

DATED: March __, 2009

County of Los Angeles

By: _____
Name: John Schunhoff
Title: Interim Director Department of
Health Services

DATED: March __, 2009

USC University Hospital, Inc.

By: _____
Name: _____
Title: _____


DATED: March __, 2009

Tenet HealthSystem Norris, Inc.

By: _____
Name: _____
Title: _____

DATED: March 25, 2009

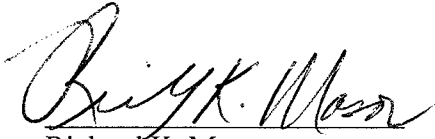
Tenet Healthcare Corporation

By:  _____
Name: DOUGLAS E. RABE
Title: VP OF TAXATION

[SIGNATURES CONTINUED ON NEXT PAGE]

APPROVED AS TO FORM AND CONTENT:

OFFICE OF THE COUNTY COUNSEL

A handwritten signature in dark ink, appearing to read "Richard K. Mason", written over a horizontal line.

Richard K. Mason
Attorneys for The County of Los
Angeles

LAW OFFICES OF MARK T. KAWA


Mark T. Kawa
Attorneys for USC University Hospital, Inc.,
Tenet HealthSystem Norris, Inc. and
Tenet Healthcare Corporation

APPROVED AS TO FORM AND CONTENT:

OFFICE OF THE COUNTY COUNSEL

Richard K. Mason
Attorneys for The County of Los
Angeles

LAW OFFICES OF MARK T. KAWA



Mark T. Kawa
Attorneys for USC University Hospital, Inc.,
Tenet HealthSystem Norris, Inc. and
Tenet Healthcare Corporation